

# THE SABE NEWSLETTER

## THE SOCIETY FOR THE ADVANCEMENT OF BEHAVIORAL ECONOMICS

### Statement of Purpose

SABE is an association of scholars who are committed to rigorous economic analysis and are interested in learning how other disciplines – for example, psychology, sociology, anthropology, history, political science, and biology - further our understanding of economic behavior. An important function of SABE is to serve as a forum for research which may not find either comprehension or acceptance in conventional economics societies. SABE also aims at facilitating communication between economists and scholars trained in related disciplines. Website: [www.sabeonline.org](http://www.sabeonline.org)

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Vol. 16, No. 2

Fall 2009

Editor: Simon James

School of Business and Economics, University of Exeter, Streatham Court,  
Exeter, EX4 4PU, United Kingdom

Contributions for the next issue are very welcome – email: [srjames@ex.ac.uk](mailto:srjames@ex.ac.uk)

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## **Contributions for the SABE Newsletter**

I should like to emphasise the invitation on the front page for more contributions to the Newsletter. They would be very welcome and can be sent to me at [srjames@ex.ac.uk](mailto:srjames@ex.ac.uk). Possibilities include new books, book reviews, details of relevant conferences or anything else that might be of behavioral interest.

Simon James

## **The SABE Website**

Information about SABE is available at <http://sabeonline.org/>. An effort is underway to significantly enhance the SABE website so it is more useful to SABE members and expand SABE's impact. If you have experience in web design that would facilitate this effort and are interested in helping improve the SABE website, please contact SABE president Mark Pingle at [pingle@unr.edu](mailto:pingle@unr.edu)

## **A Brief Summary of SABE-IAREP 2009 Halifax**

The SABE-IAREP conference held at Halifax, July 7-11, was a tremendous success. Sonja Novkovic and Morris Altman deserve significant credit for their organizing work, and St. Mary's University was a gracious host. Thanks to all the people who helped and in particular to Bernadine Halliday who has also put conference photographs on the web at:

<http://www.smu.ca/iarepsabe09/photos.html>

In the 64 concurrent sessions and three plenary sessions, participants were exposed to the wide variety of research agendas currently being pursued in behavioral economics and economic psychology. In the first plenary session, George Akerlof explained why identity matters as people make choices in a wide variety of settings. Ilana Ritov relayed her work on generosity in the second plenary talk, presenting findings on how the characteristics of the receiver and identification with the receiver influence the level of generosity. Gerd Gigerenzer explained why heuristics matter as people make choices, explaining why real world rationality involves matching heuristics to the decision environment.

SABE and IAREP approved a "confederation" that will be referred to as The International Confederation for the Advancement of Behavioral Economics and Economic Psychology" (ICABEEP). This confederation agreement codified the cooperation that has been occurring already between SABE and IAREP with regard to conferences. It also created a SABE-IAREP coordination committee that can facilitate cooperation beyond conferences, including workshops, summer schools and more.

A special extracurricular treat in Halifax was it happened that Paul McCartney kicked off his most recent tour there. A few SABE and IAREP members took advantages of that. The organizers were concerned about the Halifax weather at the start of the conference, but overall it was beautiful. Clearly, many participants made valuable professional contacts and enjoyed the Halifax experience.

## **The Best Student Paper Competition 2009 – Congratulations!**

Congratulations to Kopriva Fantisek from the Czech Republic who won the SABE-IAREP prize for the best student paper submitted to the Halifax conference.

### **SABE ASSA Session 2010**

Registration and hotel reservations for the January 2010 AEA/ASSA meetings open September 15th. Headquarters is the Atlanta Marriott Marquis. The Hilton Atlanta and the Hyatt Regency are both connected directly to the Marriott. See the preliminary program at <http://www.aeaweb.org/aea/conference/program/>.

SABE's session will be January 3, 2010, 2:30 pm, Atlanta Marriott Marquis, M303. If you are attending the ASSA meetings, please plan to attend the SABE session, for it is a good one, and strong attendance will help SABE increase its number of sessions in the future. Here is the SABE 2010 ASSA session:

*Using Field Experiments in Economics (C9)*

Presiding: JOHN LIST, University of Chicago

JEAN-ROBERT TYRAN, University of Copenhagen – ‘The Demand for Discrimination: A Field Experiment on Labor Market Discrimination Based on Ethnic Stereotypes’.

RUPERT SAUSEGRUBER, University of Innsbruck – ‘Legal Threat, Moral Appeal and Social Information: Testing Enforcement Strategies in the Field’.

JOHN A. LIST, University of Chicago, DAVID H. HERBERCICH, NBER – ‘How Many Economists Does It Take to Change a Light Bulb? A Natural Field Experiment on Technology Adoption’.

B. KELSEY JACK, Harvard University – ‘Alternative Allocation Mechanisms for Incentive Contracts: Field Experimental Evidence from Malawi’.

### **SABE ASSA Poster Session**

Submission Deadline: October 1, 2009.

The Society for the Advancement of Behavioral Economics (SABE) will hold a poster session and poster tour in conjunction with the ASSA annual meetings in Atlanta. This poster session is in association with the Labor and Employment Relations Association-LERA (formerly the Industrial Relations Research Association—IRRA). The SABE poster session is scheduled for Monday, January 4, 2010 from 2:30 p.m. to 4:30 p.m. in the Courtland Room of the Hyatt Regency.

You are invited to submit a proposal for a poster-paper to be presented in this session. Please send an extended abstract of less than 500 words to Prof. John Smith [smithj@camden.rutgers.edu](mailto:smithj@camden.rutgers.edu) by October 1, 2009.

Poster sessions encourage interaction between presenters and the viewers. Posters can portray succinctly and visually, either a theory, experimental or empirical study, and invite viewers to discuss the paper with the presenter. The SABE tradition is to allocate about 10 minutes to each poster presenter to discuss her or his work.

We look forward to seeing you, either as a presenter or viewer, in Atlanta.

## **SABE Conference in San Diego 2010**

SABE 2010 San Diego will be held August 2-5, 2010 at San Diego State University, San Diego, CA.

The keynote speakers will be Herb Gintis (Sante Fe Institute), Daniel House, (George Mason University), and Dierdre McCloskey (University of Illinois, Chicago).

There will be three principal conference themes: (1) unifying the social sciences through behavioral economics, (2) behavioral economics and the family, and (3) behavioral economics and neuroscience. Any other topic relevant to behavioral economics may also be included in the conference program.

Submission Process: Proposals for individual presentation will be made through Conference Maker software, which will soon be up and running. To propose an entire session with either 3 or 4 presenters, you may now send a proposal to Roger Frantz at [rfrantz@sabe2010.org](mailto:rfrantz@sabe2010.org), including information for each presenter. All proposed participants must also submit separate papers or abstracts.

The deadline for submissions will be March 15, 2010. You will be notified by April 30, 2010, whether or not your submission has been accepted for presentation.

For further information, see the conference website at <http://sabe2010.org/> or contact the conference organizers Roger Frantz ([rfrantz@sabe2010.org](mailto:rfrantz@sabe2010.org) or 619-594-3718) or Shoshana Grossbard ([shosh@mail.sdsu.edu](mailto:shosh@mail.sdsu.edu)).

## **SABE-IAREP Conference in Cologne 2010**

The IAREP/SABE 2010 Conference will be held at the University of Cologne in Germany from Sunday, 5th to Wednesday, 8th of September 2010.

The organizing committee would be especially pleased to welcome a huge number of SABE members in Cologne since the city's university is one of the most important and well-established places of economic research in Germany.

The conference will feature the following invited speakers:

Axel Ockenfels, University of Cologne, Germany.

Dave Dunning, Cornell University, New York, USA.

Thomas Mussweiler, University of Cologne, Germany.

Besides the scientific program, there will be lots of opportunities to discover the attractive surroundings: Cologne is Germany's fourth-largest city after Berlin, Hamburg and Munich. The city is famous for its

World Heritage Site the Cologne Cathedral whose spires tower over the city's innumerable cultural and historical treasures, world-famous museums and active art scene. Life in Cologne is uncomplicated and vivacious. Guests will discover a sociable and stimulating atmosphere there—a perfect surrounding to evoke a pulsating conference.

The registration website will be opened from January, 1st 2010 on [www.Iarep-sabe.uni-koeln.de](http://www.Iarep-sabe.uni-koeln.de). If you need any further information in advance, feel free to contact the organizing committee: Detlef Fetchenhauer ([detlef.fetchenhauer@uni-koeln.de](mailto:detlef.fetchenhauer@uni-koeln.de)) and Julia Pradel ([julia.pradel@uni-koeln.de](mailto:julia.pradel@uni-koeln.de)).

## SABE Country Representatives

In an effort to expand the scope of SABE and the value it provides its members, SABE is implementing a “Country Representatives” concept. A SABE country rep promotes behavioral economics, promotes SABE, provides feedback to SABE, and communicates with other country reps. A country can have more than one representative, if that is useful. If you would like to represent your country, contact Mark Pingle at [pingle@unr.edu](mailto:pingle@unr.edu).

Here is the current list of SABE country reps, including a brief synopsis of their activities:

**Australia: Gigi (Jennifer) Foster;** UNSW---Develop a workshop and some PhD student training in behavioral economics. Interested in hosting a future SABE event in Australia. Construct a website and build an Australian SABE presence from there.

**Brazil: Bruno Vio**--- Create a website in Portuguese about behavioral economics that introduces SABE, contains articles that introduces behavioral economics, includes a blog to present and discuss advances in behavioral economics (2 updates/month), lists related events and opportunities. Create a network of scholars within Brazil. Invite universities to organize a regional conference on behalf of SABE

**Canada: Sonja Novkovic;** Saint Mary's University

**Germany: Christian Cordes;** Max Plank Institute--- Organize a workshop in Germany entitled “Understanding the co-evolution of capabilities, transaction costs, and corporate cultures in firm-industry interactions”

**Italy: Francesco Scacciati;** Univerisita di Torino

**Israel: Ofer Azar;** Ben Gurion University of the Negev

**Poland: Ewa Gucwa-Lesney;** University of Warsaw

**Russia: Alexis Belianen;** Higher School of Economics---Heads a laboratory of experimental and behavioural economics. Recently hosted an international research workshop entitled "Rationality, behavior and experiments."

**Uruguay: Hugh Schwartz**---Give two talks in Uruguay, and promote SABE in the process.

**US (Western) Homa Zarghamee;** Santa Clara University---Organize a session that will give SABE a presence at the Western Economic Association Meetings.

**US (Eastern) Bijou Yang Lester;** Drexel University

**US (Southern) Shabnam Mousavi;** Georgia State University

## **New LinkedIn Discussion Group**

If you are in the LinkedIn social network, there is a new discussion group, started by Elena Tougareva, called Economic Psychology & Behavioural Economics. The group's aim is to connect researchers working in the field of economic psychology, behavioural economics and socio-economics. You are welcome to join LinkedIn group "Economic Psychology & Behavioural Economics" at <http://www.linkedin.com/e/vgh/2045012/>

### ***Public Finance and Public Choice: Analytical Perspectives, 3<sup>rd</sup> edition***

by John Cullis and Philip Jones

Oxford University Press, 2009, ix + 531 pages. ISBN 978-0-19-923478-3.

Previous editions of this successful textbook already include considerations beyond the standard approach of mainstream economics. A key feature of the book since it first appeared in 1992 is that it covers both a traditional economic approach and a public choice perspective to public finance. The third edition goes further and includes a new chapter entitled "Towards a "new" public finance economics: experiments, behavior, neuro-imaging and "individual failure"". This chapter provides a clear and useful guide to the main issues. The first main section "From "homo economicus" to "homo realtus"" examines behavioral deviations from the narrower economic concept of rationality – the endowment effect, framing effect and so on. The following section illustrates the literature by concentrating on one of these anomalies – the endowment effect. The chapter then turns to prospect theory as perhaps the theory most likely to incorporate the anomalies already discussed and the insight prospect theory offers public sector economics. Subsequent sections are devoted to further behavioral analysis, the impact of tax policy, the growth of government, neuroeconomics and happiness. The authors reserve judgement on how successful the literature examined in this chapter will turn out to be and whether the new chapter may in future editions be reduced to a section or expanded to multiple chapters. However, the present contribution indicates how behavioral economics is influencing public sector economics.

Simon James

## **The Journal of Socio-Economics**

The mission of the Journal of Socio-Economics is to promote interdisciplinary dialogue about economic processes, institutions and policies. The core disciplines of interest to the journal are those belonging to the social sciences. But other sciences and the humanities are relevant and welcome. Biology, history and philosophy are of particular interest. The journal is interested in pure theory, empirical studies, policy analyses and literature reviews. The JSE is a widely distributed, peer reviewed journal with a long historical association with SABE. For further information see:

[http://www.elsevier.com/wps/find/journaldescription.cws\\_home/620175/description#description](http://www.elsevier.com/wps/find/journaldescription.cws_home/620175/description#description)

## **SABE Officers and Board**

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